

Iraq Status Report July 15, 2009



Bureau of Near Eastern Affairs U.S. Department of State

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- Iraqi Parliamentarians Warn Israel (DIPLOMATIC, page 17).
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POLITICAL - Governance & Legislation



Prime Minister pushes for stronger government while legislators debate Kirkuk elections

PM Maliki Renews Calls for Stronger Central Government:

• At a meeting of sheikhs in Baghdad July 11, Iraqi Prime Minister Nuri al-Maliki again appealed for increasing the central government's power. In pushing for constitutional changes, Maliki decried the current constitution as "not a good formula for building a modern state," but acknowledged that changes must not be "reached by intimidation or the bullying of others." In the same meeting, Maliki denied calls for an amnesty for insurgents with ties to Saddam Hussein's regime. In a reference to former members of the Ba'ath Party who became part of the insurgency, PM Maliki said, "It is not fair to reconcile with those who made women widows, children orphans, destroyed the country, launched wars and were not excused until now."

POLITICAL - Governance & Legislation



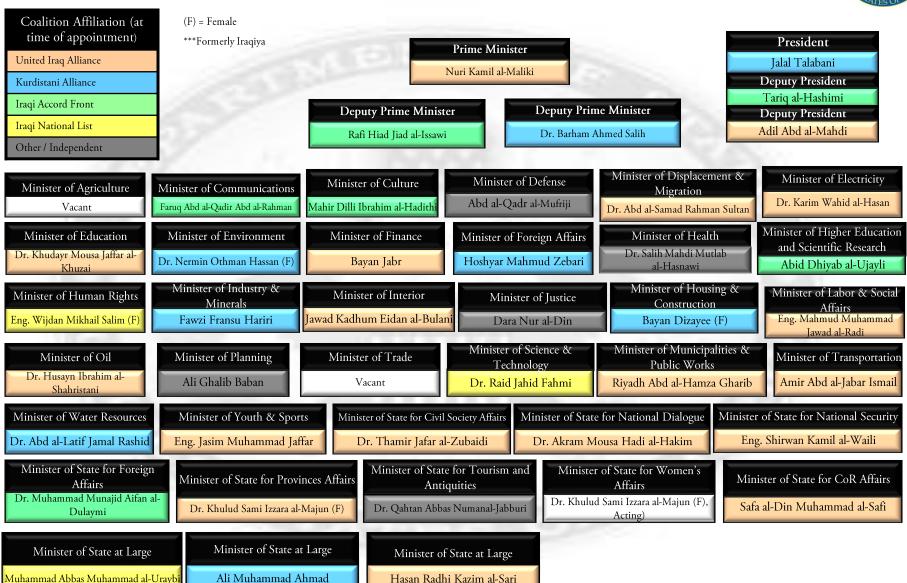
Prime Minister pushes for stronger government while legislators debate Kirkuk elections

Kirkuk Dispute Affecting Passage of New Elections Law:

• Iraqi lawmakers reported July 12 that legislation on parliamentary polls scheduled for January 2010 is delayed while lawmakers discuss how to handle polls in the disputed Kirkuk province. Speaker Ayad al-Samarrai explained to journalists that the Kurds want Kirkukis to vote the same way as residents in other provinces. However, Arab and Turkman legislators opposed that approach instead wanting to delineate that two parliamentary seats each would go to the Kurds, Arabs, and Turkman with one seat for Assyrian Christians. The competition would then take place between individuals within each ethnic group. Samarrai and others have commented that without a new law, the old law—viewed negatively by many legislators—will remain in place. One Sunni MP suggested delaying national elections in Kirkuk only, as was done for provincial elections.

POLITICAL – Government of Iraq

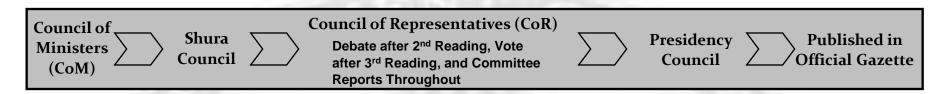




POLITICAL – Key Legislative Issues



Legislative Process



- <u>Hydrocarbons Package</u>: The Framework Law was resubmitted to the Oil and Gas Committee on October 26, 2008 and then returned to the Council of Ministers. There has been no progress on the other three laws in the package.
- <u>NGO Law</u>: This law will regulate the operations and funding of Non-Governmental Organizations operating within Iraq. It received its first reading in the Council of Representatives on April 20, 2009.
- National Elections Law: A draft of a proposed national elections law is in committee but has not been finalized.

POLITICAL - Refugee Update



- Regional governments report hosting as many as 2 million Iraqi refugees.
- The International Organization for Migration (IOM) estimates that over 2.8 million Iraqis are displaced inside Iraq.
- In FY08, the State Department's Bureau of Population, Refugees and Migration contributed \$287.08 million to international organizations and nongovernmental organizations to assist displaced Iraqis inside the country and in the region.
- The U.S. admitted 13,823 Iraqi refugees in FY08 (which ended September 30).
- Since the program's inception in FY07, 29,717 Iraqi refugees have been admitted for U.S. resettlement; in FY09 alone, the U.S. seeks to admit a minimum of 17,000 Iraqi refugees.
- As of March 2009, a total of 375 Special Immigrant Visa (SIVs) have been issued for Iraqi translators and interpreters since FY08 (under the Section 1059 program).
- As of March 2009, a total of 641 SIVs have been issued for Iraqis since FY08 (under the Section 1244 program).

ECONOMIC - Oil



Oil prices are rising, but exports and production remain below 2009 targets

Crude Oil Update:

3.00

Price averages in world markets closed with the following prices:

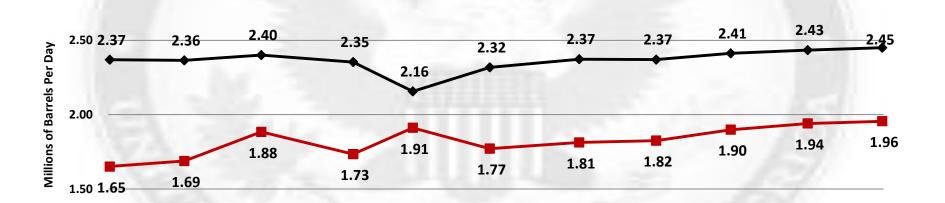
Basrah Light at \$60.43/barrel

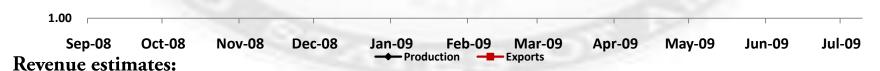
Dated Brent at \$60.97/barrel

WTI Cushing at \$61.48/barrel

Oman/Dubai at \$63.16/barrel







2007: \$41.0 Billion

2008: \$61.9 Billion

2009 (ytd): \$16.24 Billion*

^{*}New revenue formula is used for 2009 that is more accurate, if lower. NEA-I-IPOG-DL@state.gov

ECONOMIC - Oil



The Ministry of Oil pushes for hydrocarbons legislation

The Ministry of Oil Urges the Passage of Hydrocarbons Legislation:

• The Ministry of Oil called for Iraq's parliament to pass the Hydrocarbons Law which the ministry considers necessary for the growth and development of the oil and gas industry in Iraq. "The ministry urges the Parliament to speed up its enactment of the oil and gas law, given its importance to the development of the oil industry," Ministry of Oil spokesperson Assem Jihad said July 8. A draft of the legislation was ratified by the Council of Ministers in February 2007 but its passage has since been stalled in the Council of Representatives.

ECONOMIC – Agriculture



Iraq's agricultural sector lacks sufficient water for second year in a row

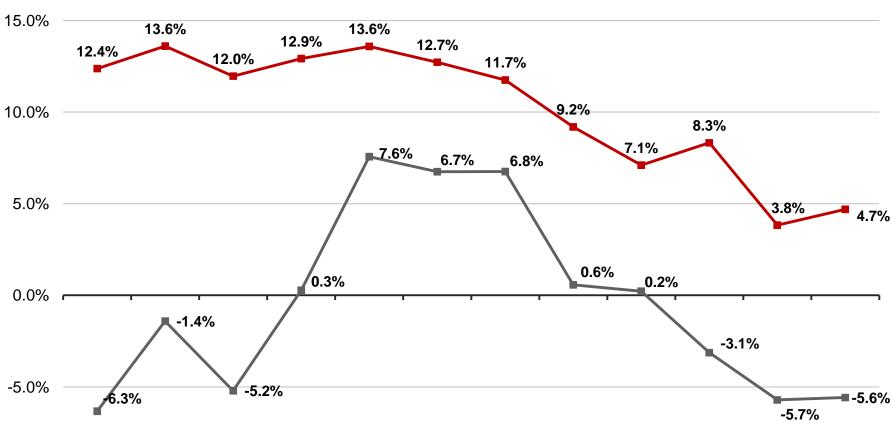
Iraqi Farmers Suffering from Drought:

• Again this year Iraq is facing a drought, due to below-average rainfall and an insufficient water supply from the Tigris and Euphrates rivers, that has severely crippled the agricultural sector and resulted in an increased number of summer sandstorms. An increase of the salinity and sediment in the water supply available for agricultural use has further compounded the problem. According to Aoun Thiab Abdullah, the director of the Ministry of Water Resources National Water Resources Center, nearly twice the amount of water currently flowing through the Euphrates is needed to meet agricultural needs in southern Iraq. The grain forecast for 2009 is expected to be one of the worst in a decade, down 45% from a normal harvest, and Iraq's rice crop has been halved in the central and southern provinces. With budget shortfalls already due to lower-than-expected oil revenues, Iraq will now have to import additional foodstuffs to meet its domestic demand.

ECONOMIC - Fiscal and Monetary Affairs







-10.0%

Jun-08 Jul-08 Aug-08 Sep-08 Oct-08 Nov-08 Dec-08 Jan-09 Feb-09 Mar-09 Apr-09 May-09

──Core Inflation (excludes fuel, electricity, communications, and transport prices) **──**Overall Inflation

ECONOMIC - Fiscal and Monetary Affairs



Sound economic policies will help ensure Iraq maintains security and stability

Economic Indicator	This Week	Last Week	Last Month	Last Year
Iraqi Commercial Bond Sales				
Price (USD)	\$64.37	\$64.62	\$65.95	\$66.08
Yield	10.06%	10.08%	9.83%	10.96%

ECONOMIC - Private Sector



The Iraqi Stock Exchange continues to grow

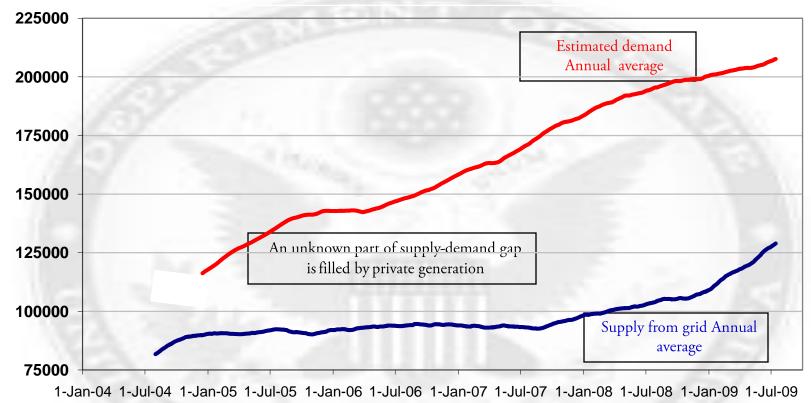
Four Companies Join Electronic Trading on the ISX:

• Four companies joined electronic trading on the Iraqi Stock Exchange (ISX) June 9. Baghdad Hotel, al-Weam for Financial Investment, al-Batek for Financial Investment and al-Khayr for Financial Investment joined electronic trading, raising the number of registered companies to 30; ninety-one companies will eventually be traded on the ISX by the end of this year. The ISX is currently open three times a week on Sundays, Tuesdays and Thursdays for electronic trading.

Public Services – Electricity



GOI needs to strengthen policy actions to manage demand and usage patterns



- Electricity supply from the grid July was 32% above 2008 and met 64% of estimated demand, compared with 53% for the year earlier period.
- Electricity supply has been range-bound between 140,000 and 160,000 MWh since mid-May. Supply continues to be far ahead of 2008, but the magnitude of the increase has declined from more than 50% to around 30%.

UNCLASSIFIED July 15, 2009

Beyond Baghdad





The Ruzh Hallat Healthcare Center

Sulaymaniyah

Muthanna

Anbar

"...we will help Iraq's institutions strengthen their capacity to protect the rule of law, confront corruption, and deliver basic services."

President Barack Obama

Recent Highlights

The Ruzh Hallat Primary Healthcare Center, a project sponsored by the Army Corps of Engineers, has opened in the Humer Kwer region of Sulaymaniah province. The Center provides more accessible care to the residents of the quarter who previously had to travel further for healthcare. The Center features x-ray capabilities, laboratories, a pharmacy, and new examination rooms. Several dignitaries, the Erbil Regional Reconstruction Team Leader, and the Kurdistan Regional Government Minister of Health attended the opening ceremony. The Center is wheelchair accessible and has facilities for the handicapped, including a bathroom.

A fish rearing area has been built in order to increase the number of Gambusia Affinis, or mosquito fish, a natural predator of the disease spreading insect. Once the mosquito fish have reproduced to an optimal level, they will be distributed to mosquito infested areas of the province to curb mosquito production. Control of mosquitoes is vital to improving health standards as the insects spread Malaria, Dengue Fever, Rift Valley Fever, and Murray Valley Encephalitis.

Anbar University is one of the few universities in Iraq that is a certified TOEFL (Test of English as a Foreign Language) testing center. The first test will be held in August. Our PRT is providing TOEFL study materials to the students there.

DIPLOMATIC – Political Engagement



Iraq deepens international cultural relations as Parliamentarians warn Israel against attacking Iran

Iraqi Parliamentarians Warn Israel:

• Iraqi members of Parliament warned Israel that any attack on Iran using Iraqi airspace would be considered an attack on Iraq. Hassan al-Sunayd, a member of Iraq's parliamentary committee on security and defense, vowed that "any penetration of Iraqi airspace by an Israeli national would be considered an attack against Iraq." Sunayd added that "Iraq would use all political, legal, diplomatic and security measures" to protest Israeli use of Iraqi airspace in any future attack against Iran. A separate member of the ruling United Iraqi Alliance, Mohammad Naji reiterated Sunayd's comments, noting that Israel "cannot take advantage of the presence of U.S. Forces in Iraq" to fly over Iraq to strike Iran.

The Netherlands Returns Iraqi Antiquities:

• The Dutch government returned 69 pieces of stolen Iraqi antiquities to Iraqi Ambassador Siamand Banaa July 9. The Dutch government also called on other countries to take action against the illicit trade. Dutch Education, Culture, and Science Minister Ronald Plasterk reported that the antiquities were returned by Dutch art traders after police told them they were stolen. Ambassador Banaa stated that he hoped other countries would "emulate the Dutch example."

DIPLOMATIC – Political Engagement



Iraq deepens international cultural relations as Parliamentarians warn Israel against attacking Iran

Iraqi National Soccer Team Plays First International Match at Home Since 2002:

• The Iraqi national soccer team won matches against the Palestinians in Erbil July 10 and in Baghdad July 13. Iraq's last home game was July 22, 2002. Following these two successful events, the Asian Football Confederation officially approved the city of Erbil to host matches for Asian continental competitions. The Iraq Football Association is hopeful that Baghdad and Sulaymaniyah will also be approved. The return of soccer to Baghdad signals a further step towards normalcy for Iraqis.

SECURITY – Situation Update



Violence in Iraq remains low despite isolated attacks

Bombings Target Christian Churches in Baghdad:

• Bombs exploded outside of five Christian churches in Baghdad June 12, killing four people and wounding more than 30. In response to the attacks, Iraqi officials imposed a vehicular curfew in Christian neighborhoods in the northern city of Mosul June 12-13 to prevent similar bombings in that city, which is home to a large Christian population. Iraqi government spokesman Ali al-Dabbagh issued a statement July 13 condemning the attacks, saying that "these attacks aim to spark strife again between different Iraqi communities. As with previous attempts, they did not succeed." The attacks occurred three days after two suicide bombers killed at least 34 people and wounded 70 others in Tal Afar in Ninewa province, July 9.

IED Detonated Near U.S. Ambassador's Convoy:

• An IED detonated near the convoy carrying U.S. Ambassador to Iraq Christopher Hill June 12. No one was injured in the explosion, which occurred in Dhi Qar province, approximately 185 miles southeast of Baghdad. Afterwards, Ambassador Hill told a USA Today reporter, who was traveling in a separate convoy a few minutes behind Ambassador Hill's, "There was a bang and we went through a thick cloud of smoke, we are all fine."

SECURITY – Security Transition



U.S. Forces continue to partner with the ISF in support of Security Agreement

New U.S. Advisory, Assistance Brigades to Deploy to Iraq During Next Troop Rotation:

• Pentagon spokesman Bryan Whitman announced July 14 that four new Advisory and Assistance Brigades (AAB) will deploy to Iraq beginning this fall in the next regularly scheduled troop rotations. The brigades are specially configured Army units focused on training and mentoring Iraqi Security Forces (ISF). The new AABs—unlike traditional Brigade Combat Teams (BCT)—will focus less on combat operations and more on advising, assisting and developing capabilities within the ISF. However, they also will conduct coordinated counterterrorism missions and protect ongoing civilian and military efforts within Iraq, including supporting State Department Provincial Reconstruction Teams. Whitman said, "AABs will be about the size of a standard BCT, but will include more field-grade officers serving as advisors, and more engineering, military police, civil affairs, transportation and other capabilities to support the training and mentoring mission."

SECURITY – Security Transition



U.S. Forces continue to partner with the ISF in support of Security Agreement

U.S. Military Show Compliance with Security Agreement:

• The U.S. Army 2nd Brigade Combat Team, 1st Cavalry Division, began adding signs to the sides of their vehicles that read "Iraqi partnership provincial approved convoy. Thank you for your patience and support." Major Frazier Epperson, an Information Operations officer for 2 BCT, explained, "These signs show that we are working with our partners and that we're abiding by the Security Agreement. These signs explain to the Iraqis that our vehicles are allowed by the Iraqi government in this province to be in the cities," he added. The Brigade hopes the signs will send a message to the Iraqis that the vehicles are part of a coordinated effort with ISF rather than being directly involved in the day-to-day operations of the city.

CONTACT INFORMATION



This brief draws from multiple sources. References are cited on the following pages.

For additional information, please see:

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- Department of State, Section 1227 Report on Iraq http://2001-2009.state.gov/p/nea/rls/rpt/
- Department of Defense, Section 9010 Measuring Stability and Security in Iraq http://www.defenselink.mil/home/features/Iraq Reports/index.html

Please forward all questions and/or comments to:

NEA-I-IPOG-DL@state.gov

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